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RECORDATION NO. 23961 FILED
APR 30 '02 11-36 AM
SURFACE TRANSPORTATION BOARD
OF COUNSEL
URBAN A. LESTER

April 30, 2002

Mr. Vernon A. Williams
Secretary
Surface Transportation Board
Washington, D.C. 20423

Dear Mr. Williams:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11301(a) are two (2) copies of a Memorandum of Mortgage, dated as of April 30, 2002, a primary document as defined in the Board's Rules for the Recordation of Documents.

The names and addresses of the parties to the enclosed document are:

Debtor:	Babcock & Brown Rail Funding LLC 599 Lexington Avenue New York, New York 10022
Secured Party:	Bayerische Hypo-Und Vereinsbank AG, as Agent FPA 4 Lease/Asset Finance Am Tucherpark 1 (FPA) 80538 Munich Germany

Mr. Vernon A. Williams
April 30, 2002
Page 2

A description of the railroad equipment covered by the enclosed document is:

One thousand and twenty-seven (1027) railcars bearing CEFX or CHTT reporting marks and assorted road numbers, as particularly shown in Schedule A attached to the Memorandum of Mortgage.

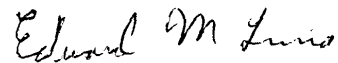
A short summary of the document to appear in the index is:

Memorandum of Mortgage.

Also enclosed is a check in the amount of \$30.00 payable to the order of the Surface Transportation Board covering the required recordation fee.

Kindly return stamped copies of the enclosed document to the undersigned.

Very truly yours,

A handwritten signature in cursive script that reads "Edward M. Luria".

Edward M. Luria

RWA/anm
Enclosures

RECORDATION NO. 23961 FILED

APR 30 '02 11-86 AM

MEMORANDUM OF MORTGAGE

SURFACE TRANSPORTATION BOARD

Memorandum of Mortgage, made and entered into as of April 30, 2002 by BABCOCK & BROWN RAIL FUNDING LLC, (the "**Debtor**") in favor of BAYERISCHE HYPO- UND VEREINSBANK AG, as Agent under the Security Agreement referred to below (together with its successors and permitted assigns, the "**Secured Party**"). Terms used in this instrument have the meanings assigned thereto in the Security Agreement dated as of December 1, 2000 between the Secured Party and the Debtor (as supplemented, including by Security Agreement Supplement No. 4 dated the date hereof, the "**Security Agreement**").

WITNESSETH:

The undersigned has entered into the Security Agreement, under which the Debtor has granted a security interest in certain railroad equipment bearing reporting marks and road numbers as listed on Exhibit A attached hereto and in each lease referred to on Exhibit B attached hereto to the Secured Party in order to secure the Debtor's performance of its obligations as described in the Security Agreement.

IN WITNESS WHEREOF, the party hereto has caused this memorandum to be duly executed by an officer duly authorized as of the date and year first above written.

BABCOCK & BROWN RAIL FUNDING LLC

By: Thomas M. Tuggle
Name: Tom Tuggle
Title: Vice President

Memorandum of Mortgage

NEWYORK/#88258.2

STATE OF NEW YORK)

) **SS.:**

COUNTY OF NEW YORK)

On the 24th day of April in the year 2002 before me personally came Thomas M. Tuggle to me known, who, being by me duly sworn, did depose and say that he reside) at 11 West 17th Street, #9, New York, NY 10011; that he is the Vice President duly appointed Babcock & Brown Rail Funding LLC, the limited liability corporation described in and which executed the above instrument; and that he signed his name thereto by authority of the officers of said limited liability corporation.

Jennifer Moreno
Notary Public

[Notarial Seal]

Jeniffer Moreno
Notary Public, State of New York
Nb. 01M06036346
Qualified in Queens County
Commission Expires January 24, 2008

NEWYORK/#88258.2

Memorandum of Mortgage

**Exhibit A
to Memorandum of Mortgage**

EQUIPMENT

<u>Lease #</u>	<u>Lessee</u>	<u># Cars</u>	<u>Year Built</u>	<u>Description</u>	<u>Reporting Marks</u>	<u>Casualty Marks</u>
1	Louis Dreyfus Corporation	117	49 in 1999; 68 in 2000	5,150 CF covered hopper railcars with gravity gates and trough hatches.	1999 built: CEFX 12021, 12023, 12035, 12038-12040, inclusive; 12044, 12048, 12053, 12056, 12090, 12093, 12095, 12097, 12100-12101, inclusive; 12104, 12106-12107, inclusive; 12109-12110, inclusive; 12112, 12114, 12116, 12121, 13051-13052, inclusive; 13054, 13056, 13057, 13059, 13063, 13123, 13127, 13128, 13131-13135, inclusive; 13137, 13145, 13147-13148, inclusive; 13150, 13153, 13161, 13166, and 13185. 2000 built: 13711-13753, inclusive; and 13755-13779, inclusive.	None.

<u>Lease #</u>	<u>Lessee</u>	<u># Cars</u>	<u>Year Built</u>	<u>Description</u>	<u>Reporting Marks</u>	<u>Casualty Marks</u>
2	Conagra, Inc. #1	30	2000	5,660 CF P.D. covered hopper railcars.	CEFX 75711, 75715-75716, inclusive; 75725- 75750, inclusive, and 75755.	None.
3	Conagra, Inc. #2	20	2000	5,660 CF P.D. covered hopper railcars lined with Sigma 5476.	CEFX 75768- 75770, inclusive; 75781-75784, inclusive; 75787, 75793, 75796, 75799-75800, inclusive; 75803, 75811-75814, inclusive; 75816- 75817, inclusive; and 75819.	None.
4	GCC Rio Grande, Inc. (f/k/a Rio Grande Portland Cement Corporation)	200	1998	3,250 CF covered hopper railcars with gravity gates and round hatches.	CEFX 80000- 80199.	None.
5	Boral Material Technologies, Inc.	100	2001	3,230 CF P.D. covered hopper railcars.	CEFX 95520- 95619, inclusive.	None.

<u>Lease #</u>	<u>Lessee</u>	<u># Cars</u>	<u>Year Built</u>	<u>Description</u>	<u>Reporting Marks</u>	<u>Casualty Marks</u>
6	Kansas City Power and Light Company	125	2 in 1995; 123 in 1999	4,480 CF aluminum coal gondola railcars.	1995 built: CEFX 43191 and 43214. 1999 built: CEFX 40988, 41007, 41058, 41060- 41115, inclusive; 41117- 41129, inclusive; 41133, 41136, 41143-41158, inclusive; 41160- 41179, inclusive; 41181-41189, inclusive; 41227, 41255, and 41316- 41317, inclusive.	None.
7	Union Pacific Railroad Company #1	240	1998	Autoflood coal railcars.	CHTT 503001- 503240, inclusive.	None.

<u>Lease #</u>	<u>Lessee</u>	<u># Cars</u>	<u>Year Built</u>	<u>Description</u>	<u>Reporting Marks</u>	<u>Casualty Marks</u>
8	Union Pacific Railroad Company #2	195	1998.	Bethgon coal railcars.	1998 built: CHTT 503241, 503246, 503248- 503252, inclusive; 503255-503257, inclusive; 503261- 503264, inclusive; 503268-503280, inclusive; 503282, 503284, 503285, 503287-503296, inclusive; 503298- 503303, inclusive; 503309, 503312, 503313, 503316, 503318, 503319, 503321-503324, inclusive; 503326- 503343, inclusive; 503345, 503348- 503550, inclusive; 503354, 503357, 503362-503389, inclusive; 503391- 503449, inclusive; 503451-503458, inclusive; 503460- 503465, inclusive; and 503467- 503480, inclusive.	CHTT 503242- 503245, inclusive; 503247, 503253, 503254, 503258- 503260, inclusive; 503265- 503267, inclusive; 503281, 503283, 503286, 503297, 503304- 503308, inclusive; 503310, 503311, 503314, 503315, 503317, 503320, 503325, 503344, 503346, 503347, 503351- 503353, inclusive; 503355, 503356, 503358- 503361, inclusive; 503390, 503450, 503459, and 503466.

Exhibit B
to Memorandum of Mortgage

List of Leases and Other Operative Agreements

Lease No. 1 – Louis Dreyfus Corporation

Master Railcar Lease made as of July 28, 2000 effective as of September 26, 1999, between The CIT Group/Equipment Financing, Inc. and Louis Dreyfus Corporation.

Schedule No. 02 to Master Railcar Lease made as of September 11, 2000.

Amendment No. 1 to Schedule No. 02 to Master Railcar Lease dated as of April 26, 2002.

Memorandum of Railcar Lease dated as of September 11, 2000, between The CIT Group/Equipment Financing, Inc. and Louis Dreyfus Corporation.

Lease No. 2 – ConAgra, Inc. #1

Master Railcar Lease made as of April 30, 1999, between The CIT Group/Equipment Financing, Inc. and ConAgra, Inc.

Schedule No. 08 to Master Railcar Lease made as of July 30, 2001.

Memorandum of Railcar Lease dated as of July, 30, 2001, between The CIT Group/Equipment Financing, Inc. and ConAgra, Inc., d/b/a ConAgra Foods, Inc.

Lease No. 3 – ConAgra, Inc. #2

Master Railcar Lease made as of April 30, 1999, between The CIT Group/Equipment Financing, Inc. and ConAgra, Inc.

Schedule No. 09 to Master Railcar Lease made as of December 6, 2001.

Memorandum of Railcar Lease dated as of December 6, 2001, between The CIT Group/Equipment Financing, Inc. and ConAgra, Inc.

Lease No. 4 – GCC Rio Grande, Inc. (f/k/a Rio Grande Portland Cement Corporation)

Master Railcar Lease made as of February 11, 1998, between The CIT Group/Equipment Financing, Inc. and GCC Rio Grande, Inc. (f/k/a Rio Grande Portland Cement Corporation).

Schedule No. 03 to Master Railcar Lease made as of June 26, 2001.

Memorandum of Railcar Lease dated as of June 26, 2001, between The CIT Group/Equipment Financing, Inc. and GCC Rio Grande, Inc. (f/k/a Rio Grande Portland Cement Corporation).

Lease No. 5 – Boral Material Technologies, Inc.

Master Railcar Lease made as of April 23, 1999, between The CIT Group/Equipment Financing, Inc. and Boral Material Technologies, Inc.

Schedule No. 02 to Master Railcar Lease made as of February 14, 2001.

Memorandum of Railcar Lease dated as of February 14, 2001, between The CIT Group/Equipment Financing, Inc. and Boral Material Technologies, Inc.

Lease No. 6 – Kansas City Power and Light Company

Master Railcar Lease made as of May 2, 2001, between The CIT Group/Equipment Financing, Inc. and Kansas City Power and Light Company.

Schedule No. 01 to Master Railcar Lease made as of May 2, 2001.

Amendment No. 1 to Schedule No. 01 to Master Railcar Lease dated as of April 25, 2002.

Memorandum of Railcar Lease dated as of May 2, 2001, between The CIT Group/Equipment Financing, Inc. and Kansas City Power and Light Company.

Lease No. 7 – Union Pacific Railroad Company #1

Master Railcar Lease made as of November 11, 1998 and effective as of January 1, 1998, between The CIT Group/Equipment Financing, Inc. and Union Pacific Railroad Company.

Schedule No. 06 to Master Railcar Lease made as of November 12, 1999.

Memorandum of Railcar Lease dated as of November 12, 1999, between The CIT Group/Equipment Financing, Inc. and Union Pacific Railroad Company.

Lease No. 8 – Union Pacific Railroad Company #2

Master Railcar Lease made as of November 11, 1998 and effective as of January 1, 1998, between The CIT Group/Equipment Financing, Inc. and Union Pacific Railroad Company.

Schedule No. 07 to Master Railcar Lease made as of November 12, 1999.

Memorandum of Railcar Lease dated as of November 12, 1999, between The CIT Group/Equipment Financing, Inc. and Union Pacific Railroad Company.

CERTIFICATION

I, Edward M. Luria, an attorney licensed to practice in the District of Columbia, the State of Delaware and the Commonwealth of Pennsylvania, do hereby certify under penalty of perjury that I have compared the attached copy of a Memorandum of Mortgage with the original thereof and have found the copy to be complete and identical in all respects to the original document.

Dated: April 30, 2002 Edward M Luria
Edward M. Luria